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DEPT PLEASE PASS TO USTR FOR LAURIE ANN AGAMA
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SUBJECT: INFORMAL PRICE SURVEY - GUINEA'S PRICES ON THE RISE

¶1. (U) SUMMARY. Based on an informal market survey conducted weekly by Embassy staff over a three-month period, prices for basic goods fluctuated significantly since August 1. Although the Government of Guinea attempted to control prices through a wide range of tools, including moral suasion and subsidies, shortages appeared to drive price increases. END SUMMARY.

RICE

¶2. (U) At the beginning of the August 1 observation period, imported rice was selling on the street for 2300 GnF/Kg (NOTE: at the then current exchange rate, USD .60/Kg. END NOTE.) As of October 23, the price is up to 3300 GnF/Kg (USD .80/Kg.) Domestically produced rice has risen from 2100 GnF/Kg (USD .55/Kg) to 2700 GnF/Kg (USD .65/Kg) during the same period. Over the last three months, imported rice is up 43% while domestic rice is up 28%.

COOKING OIL

¶3. (U) At the beginning of the period, cooking oil cost 7500 GnF/L (USD 1.97/L), but has dropped and is now 6500 GnF/L (USD 1.50/L). For the observation period, the price of cooking oil is down 13%.

GASOLINE

¶4. (U) The price of gasoline is fixed and subsidized by the government and so has remained stable at 5500 GnF/L. However, due to the depreciation of the local currency, the real cost has gone from USD 1.44 to USD 1.34, which means the government's cost for subsidizing gasoline has increased 7% during the observation period, just due to the exchange rate changes.

FLOUR

¶5. (U) Imported flour started the period at 165000 GnF/50Kg (USD 43.42/50Kg) and then spiked just before Ramadan to 175000 GnF/50Kg (USD 46.05/50Kg). After hostile press reports, and then some hasty negotiations which settled on importer subsidies by the government, the price has come back down to 166000 GnF/50Kg (USD 40.48/50Kg).

SUGAR

¶6. (U) Sugar started the period at 2100 GnF/Kg (USD .55/Kg), and finished the period at 2500 GnF/Kg (USD .60/Kg).

COMMENT

¶7. (U) The figures in parentheses are conversions at the then current exchange rate. As can be seen with the figures for sugar, for example, the price faced by consumers rose 19% during the period, while the importers' exchange rate related-cost rose a more modest 7%. This leaves a 12% increase that is due to 'other reasons,' which could be explained by increases in the wholesale market-price of the product, increased transportation costs, or simple profiteering. Given the record prices on current world food markets and the record price for gasoline, it is likely a combination of the three. END COMMENT.

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